



# **Alberta: health spending in a land of plenty**

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**Presentation to conference on**

***Bending the cost curve in health care***

**Saskatoon, SK: 27 September 2012**

# Summary

- **Alberta is more expensive, with worse outcomes**
- **Driven by higher factor prices and higher utilization**
- **Driven by provincial wealth and politics**



**Cost per  
Head**



**above Canada  
average**

**Alberta  
2008**

**above Canada  
average**



**Canada  
average**

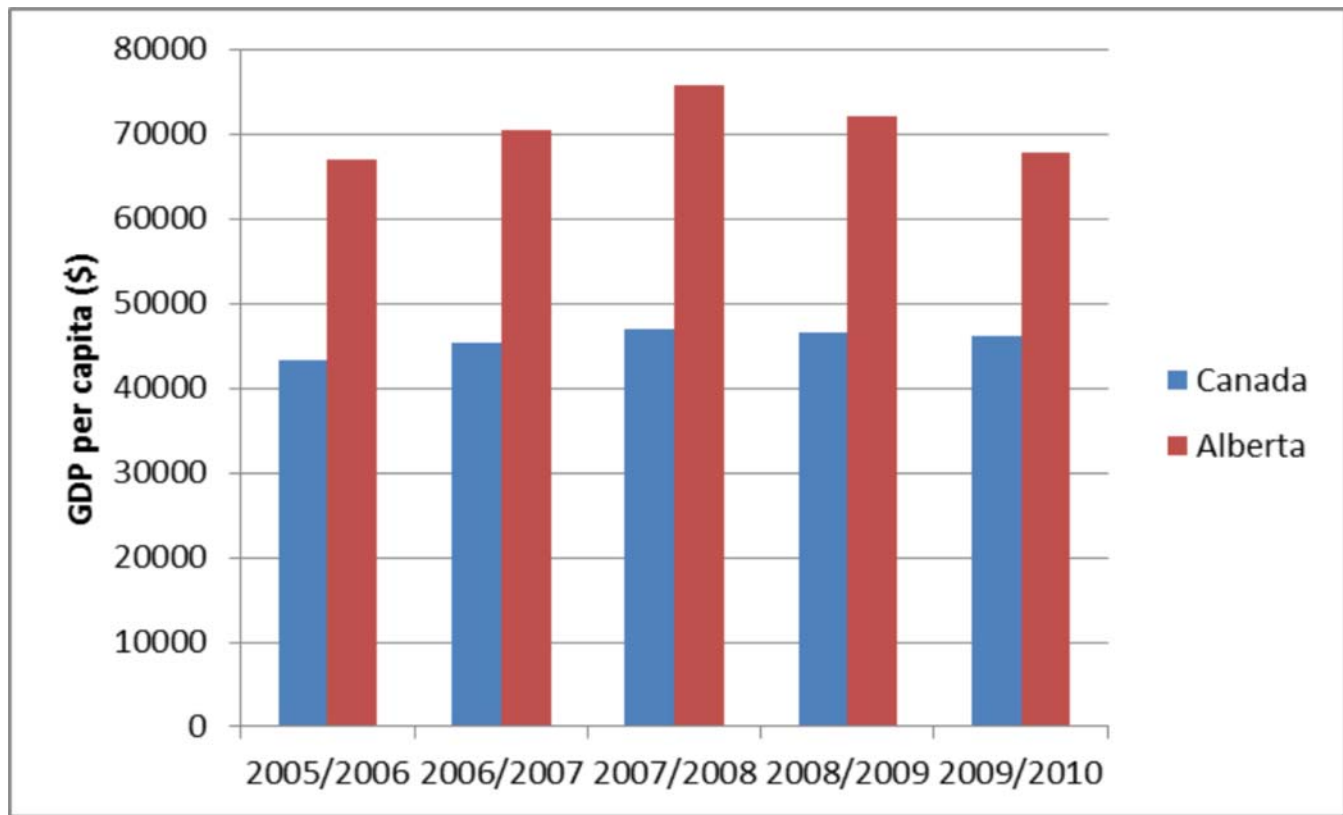


**Life  
Expectancy**

**Alberta  
early-mid  
1990s**



## Alberta's economy is narrowly based, and has declined in size following the (Global) Financial

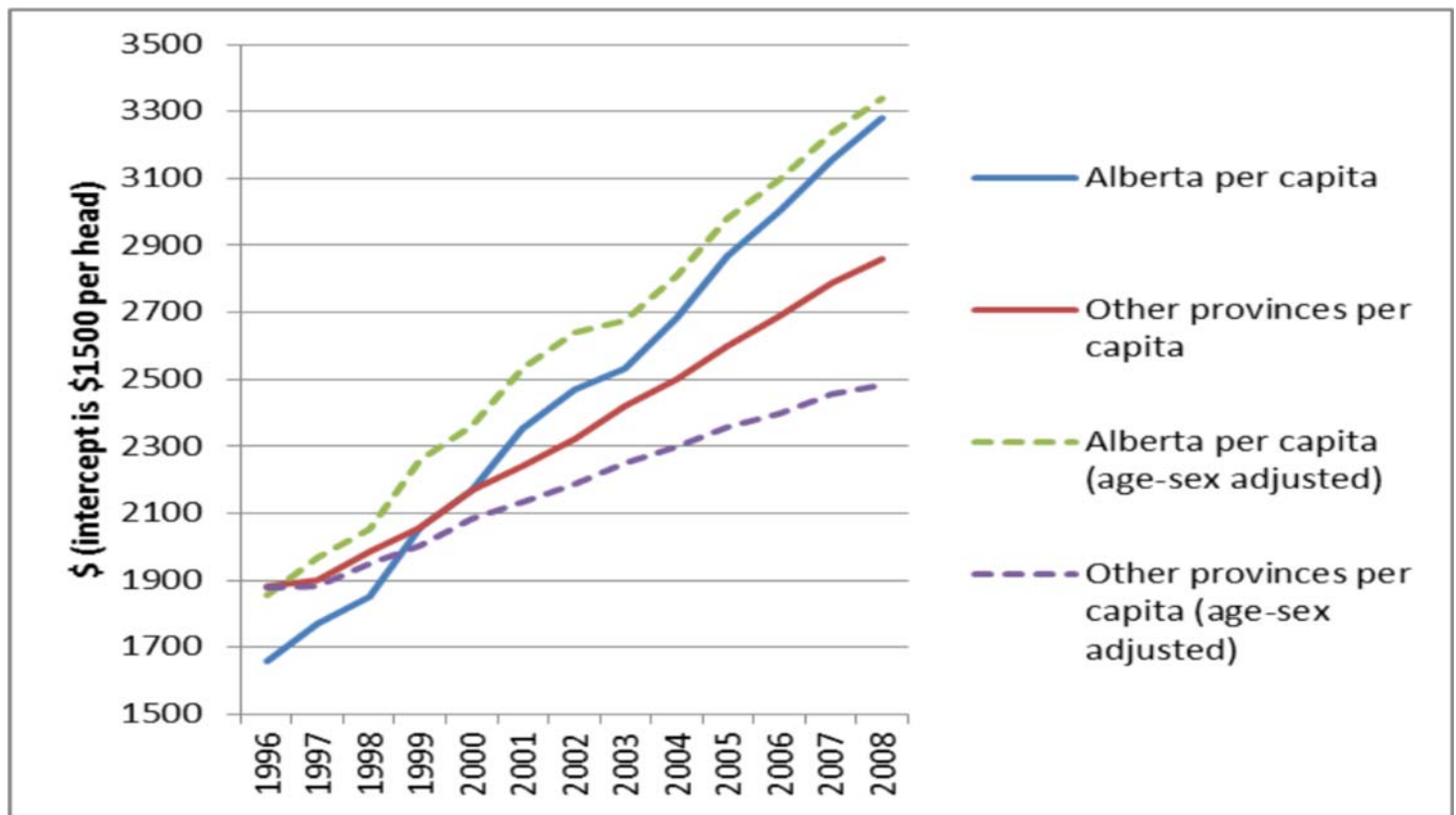


# Alberta is characterized by long-serving (conservative) governments

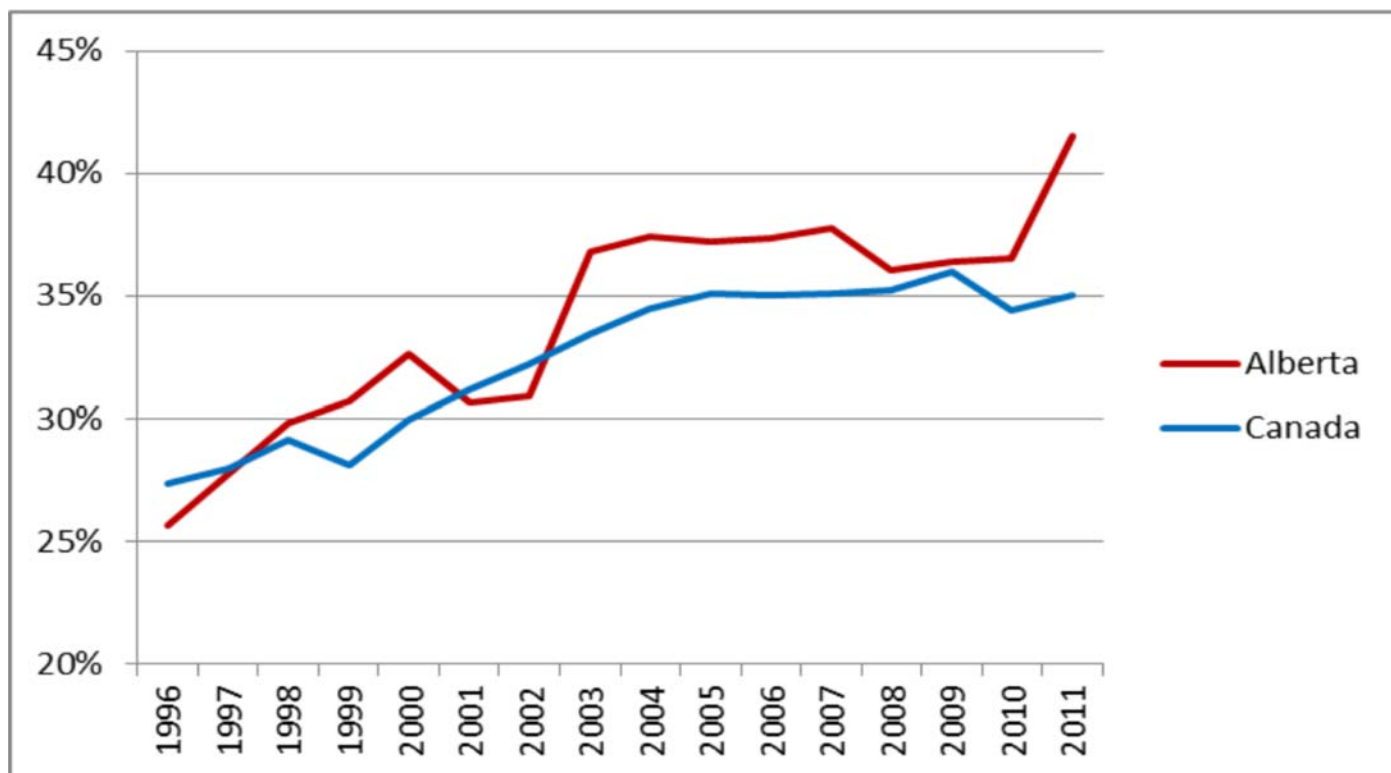
- Becomes province in 1905, Alberta Liberal Party government (16 years in office)
- Change of government to United Farmers of Alberta in 1921 (14 years),
- to Social Credit in 1935 (36 years),
- to Progressive Conservative in 1971 (41 years so far)



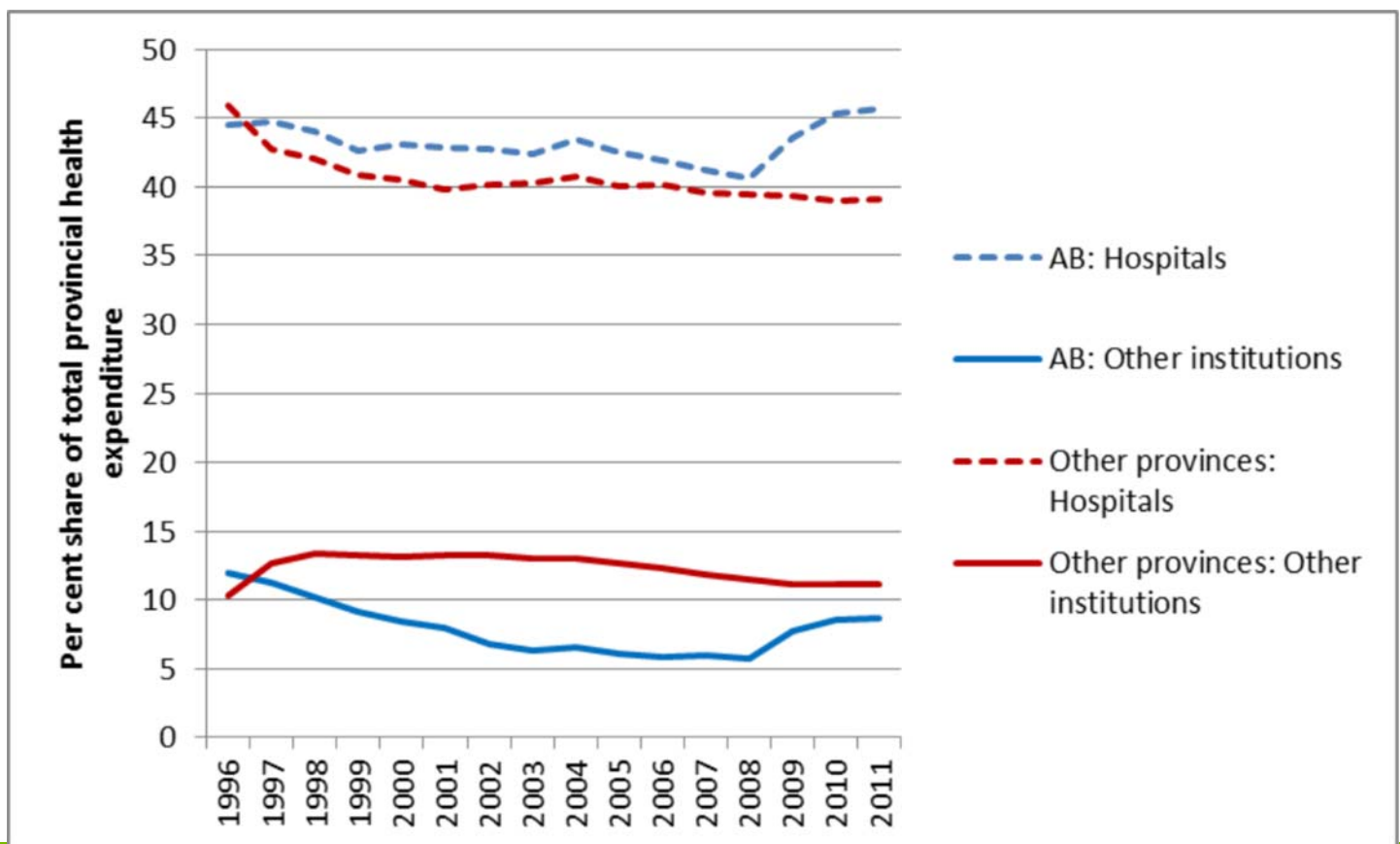
## Alberta used to be below Canadian average on costs, now above, age-sex adjustment widens the gap



## Health's share of provincial spending generally higher in Alberta, especially recently

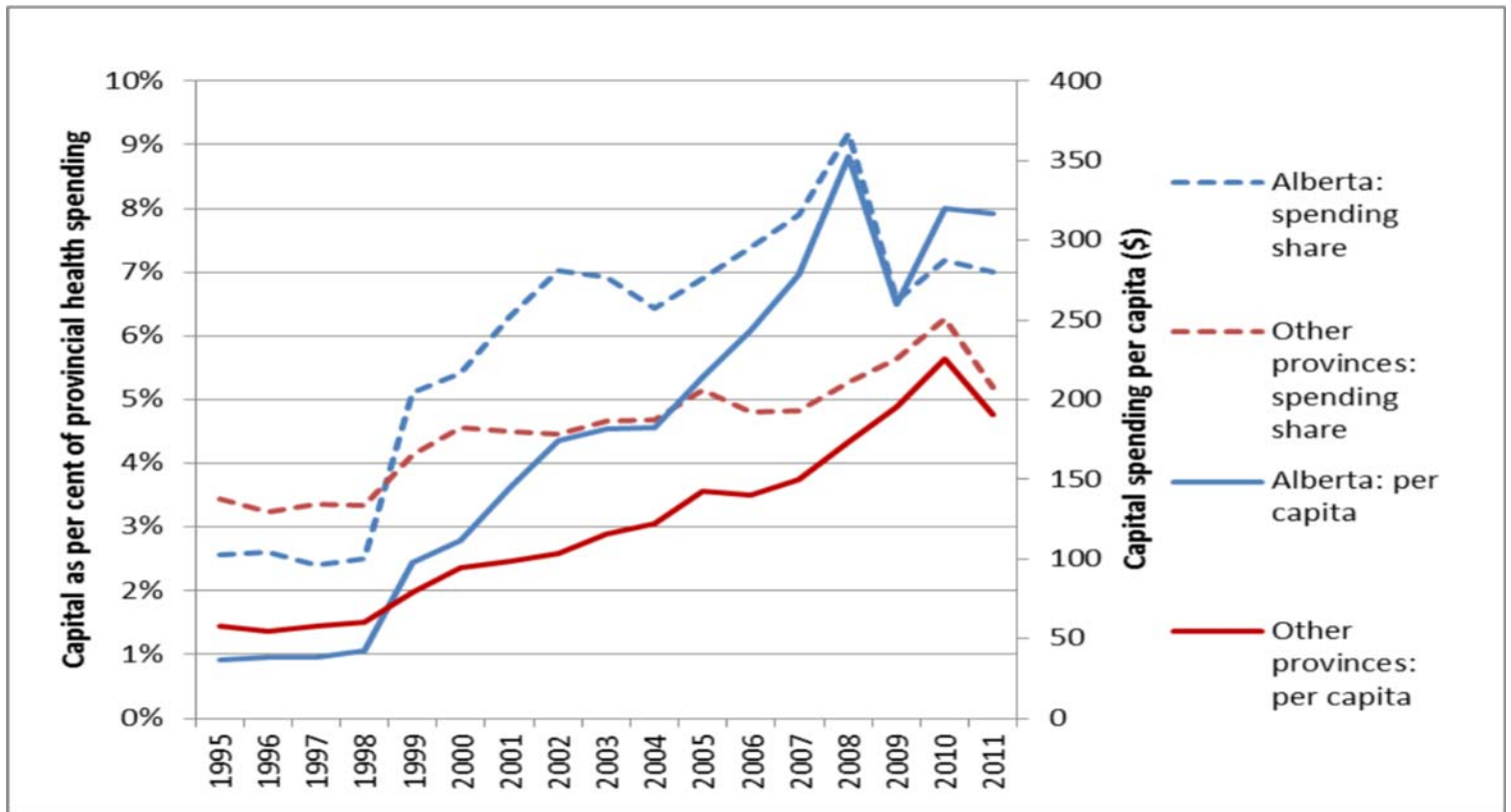


## Alberta loves hospitals, but underinvests in seniors' accommodation

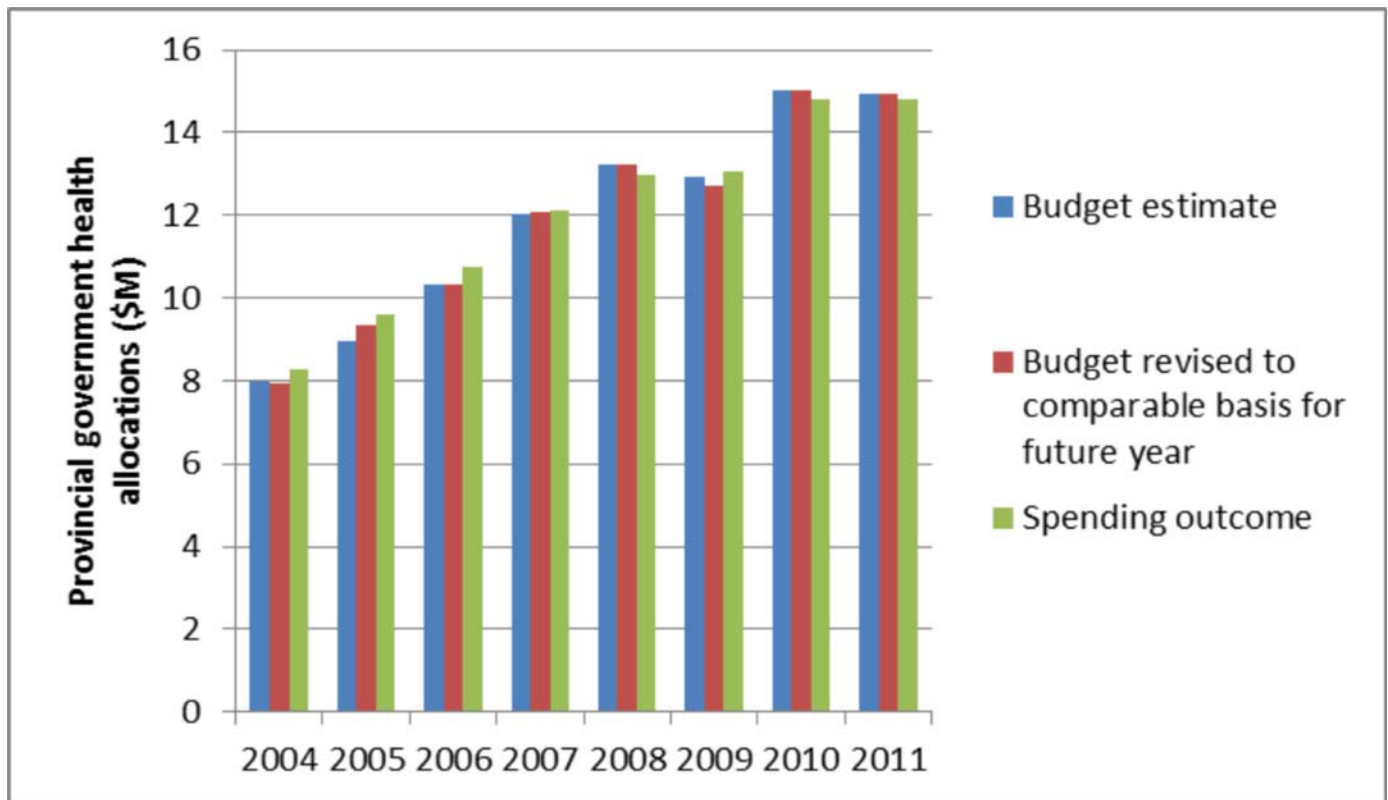




# Alberta loves building things



## The budget game: spending outcome was (prior to AHS) generally above initial budget (even after 'approved' adjustments)



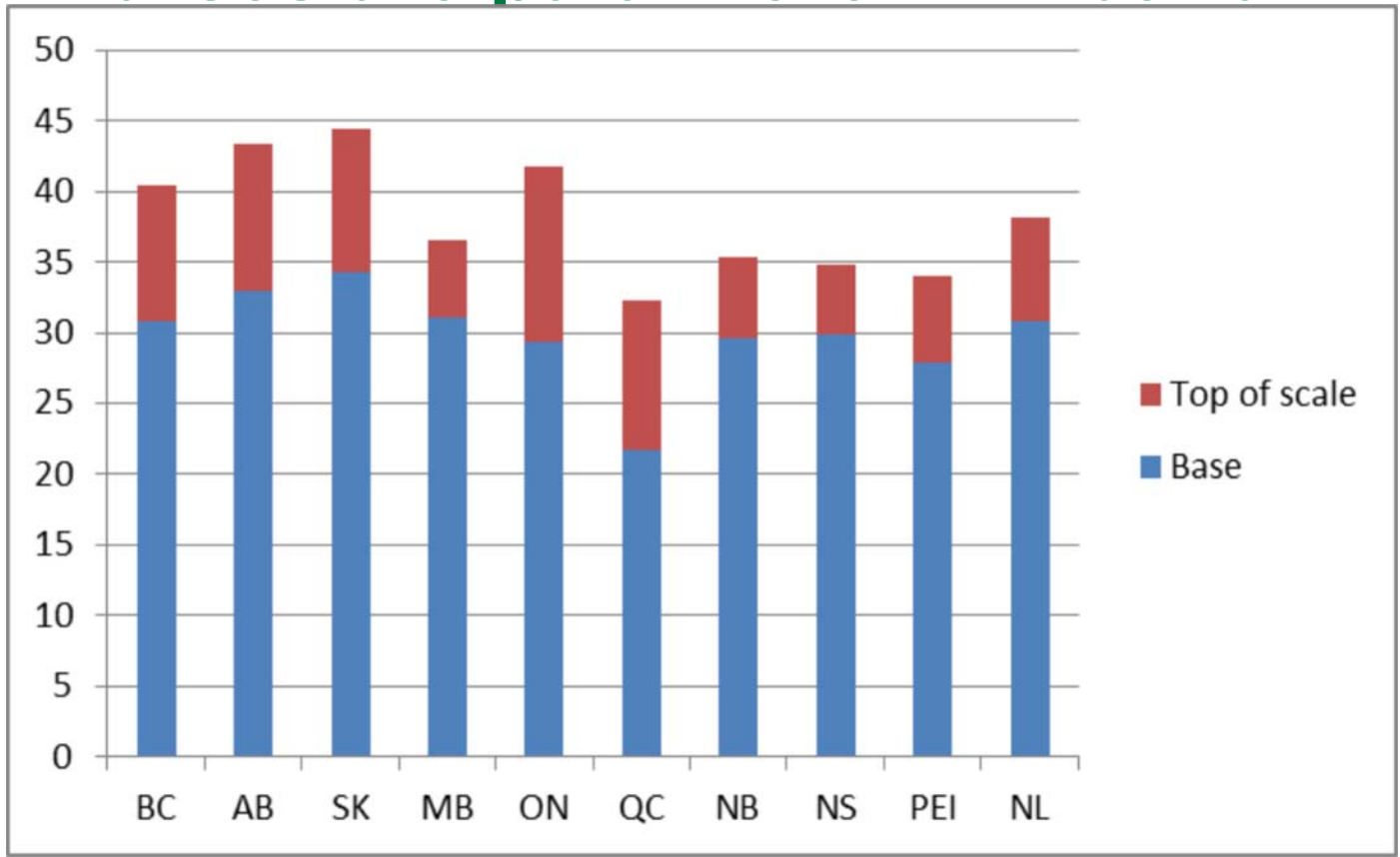
# Higher input costs, higher service costs



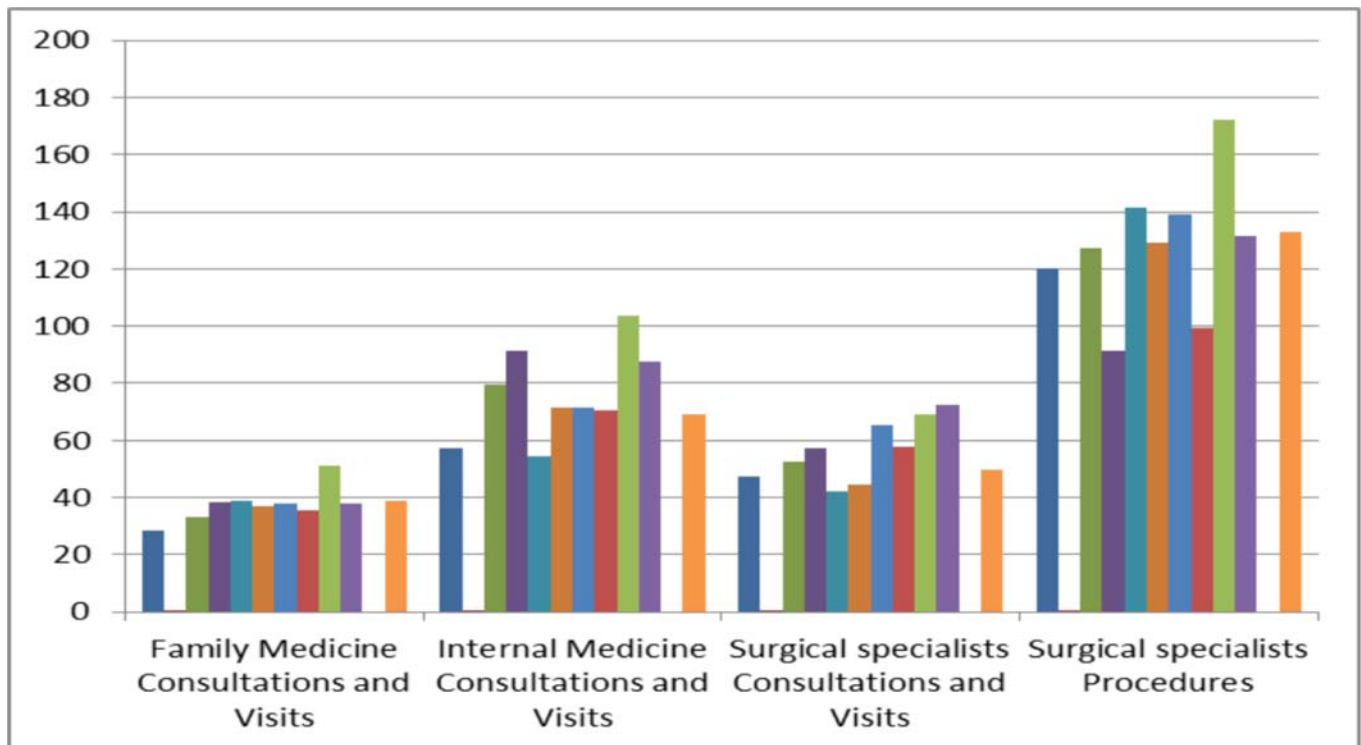
UNIVERSITY OF ALBERTA  
SCHOOL OF PUBLIC HEALTH

Department of Public Health  
Sciences

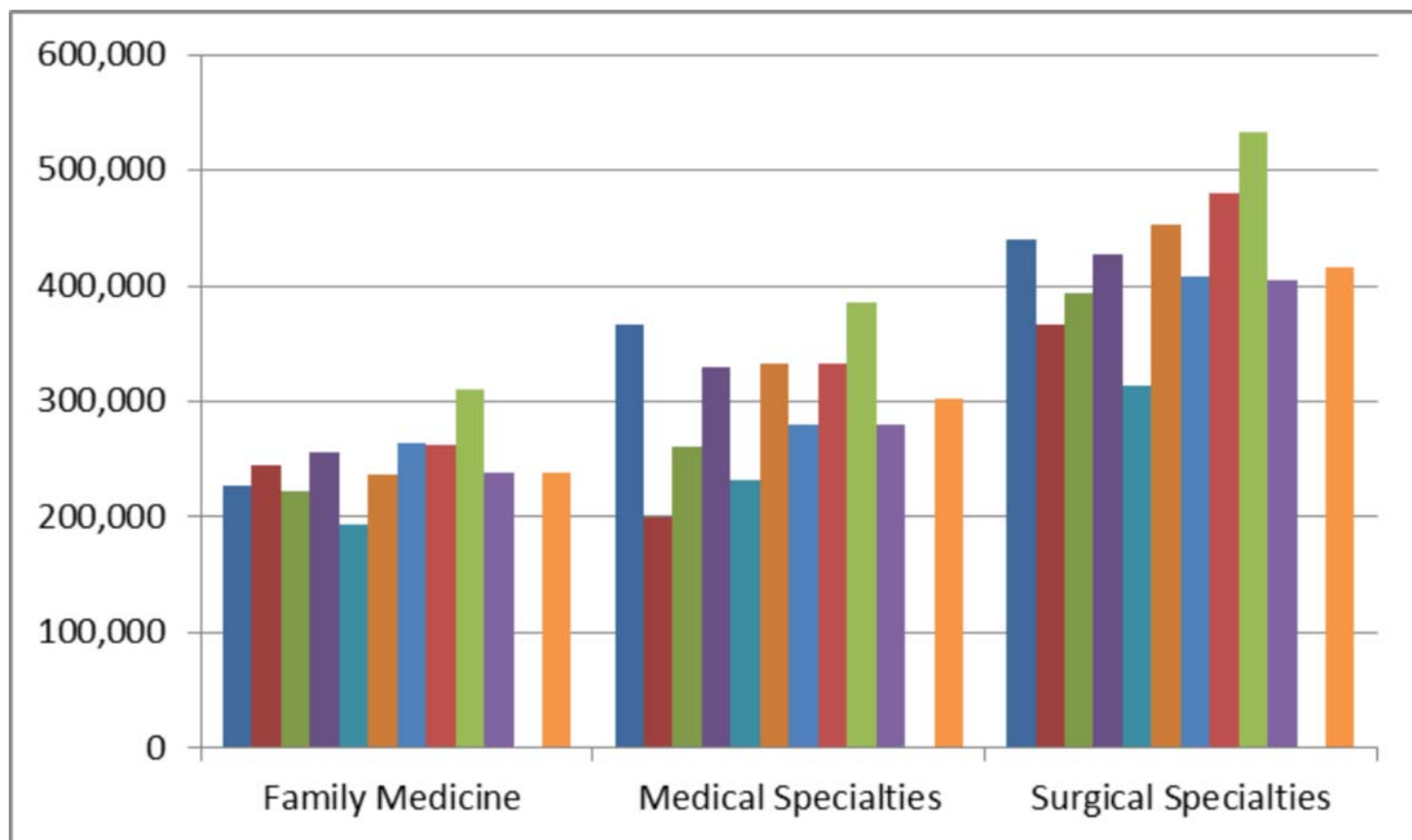
# Nurses are paid more in Alberta



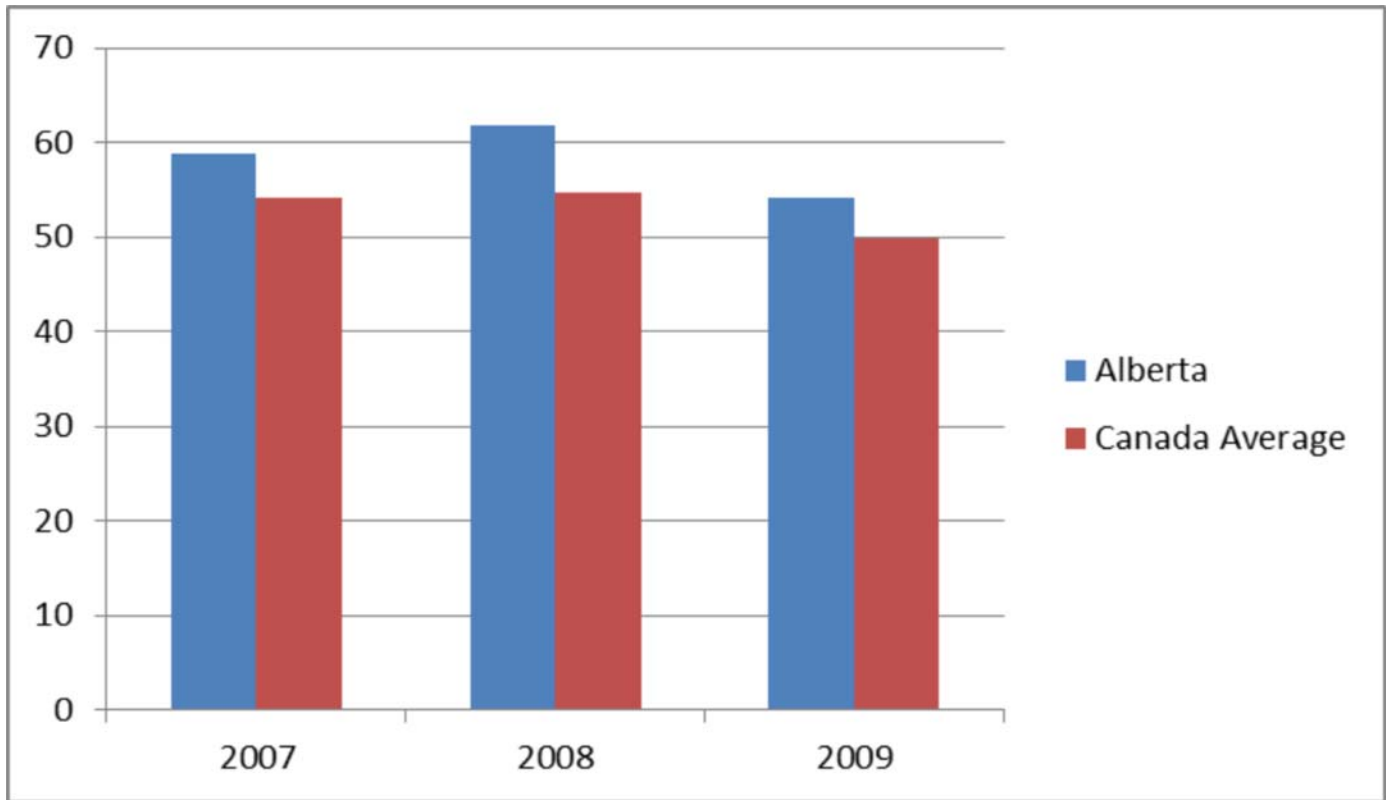
## Average fee for physician visits/procedures are higher in Alberta (provinces east to west, Canada average separate)



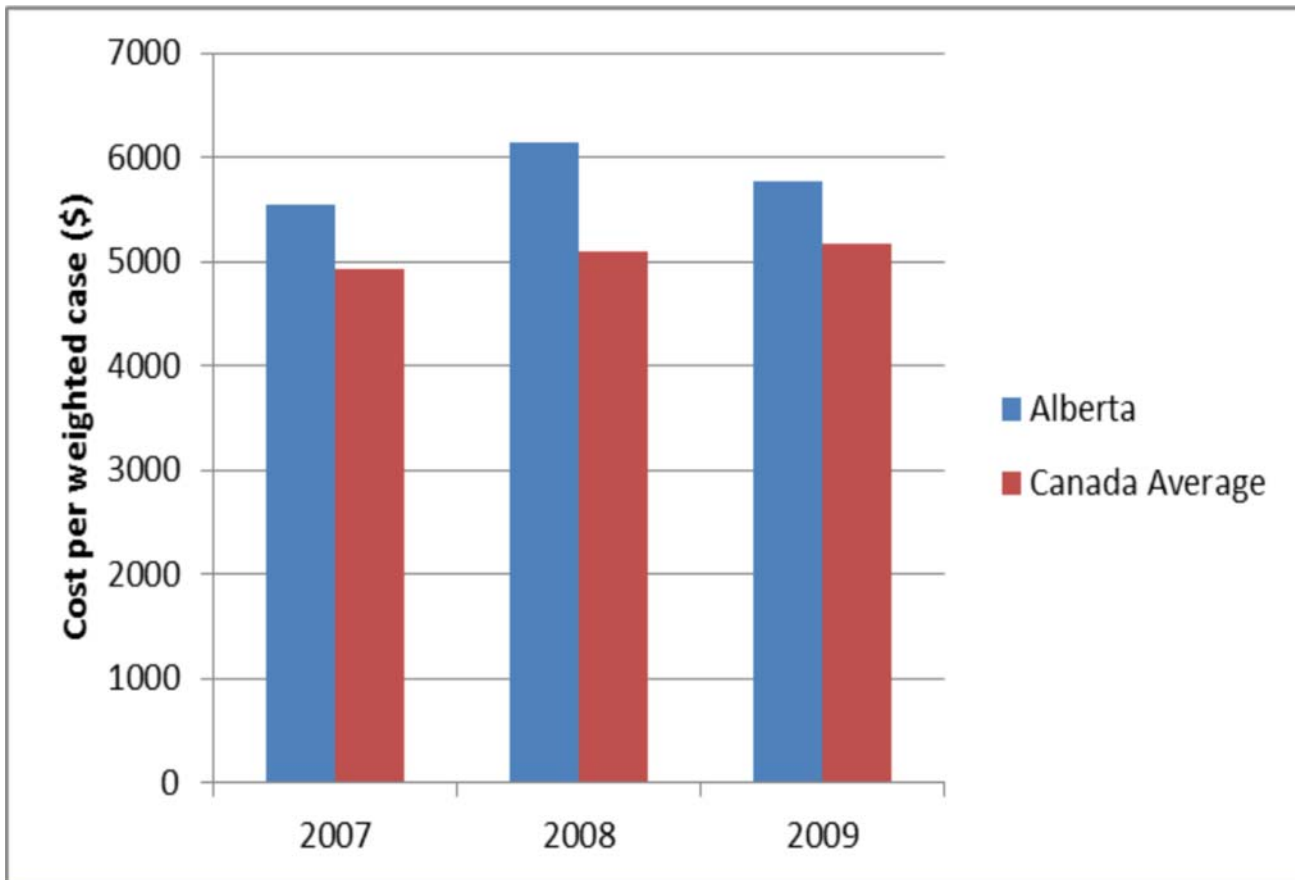
## Average physician incomes are higher in Alberta too



# Alberta provides more nursing hours per (weighted) inpatient



# Patients cost more in Alberta





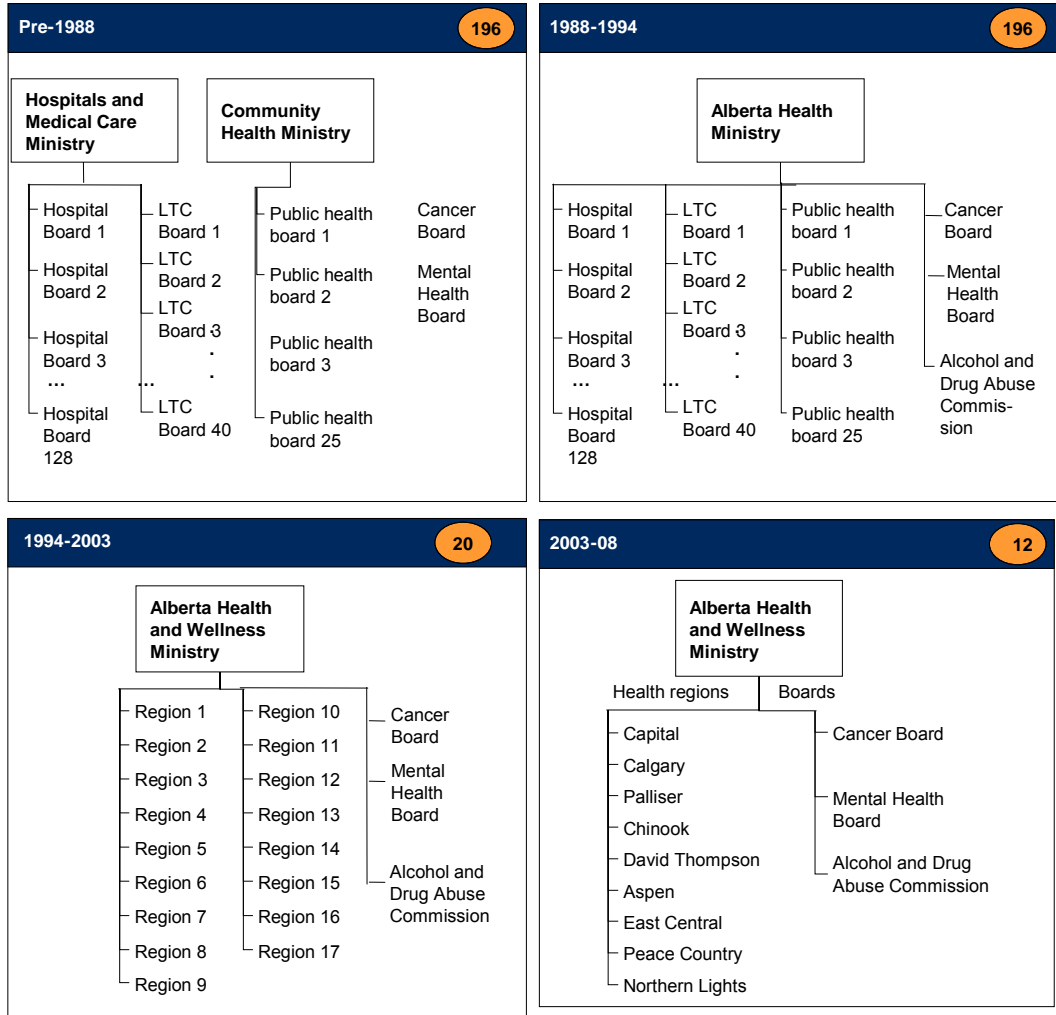
# Bending the curve strategies

- **Structural change**
- **Privatization**
- **Primary care**

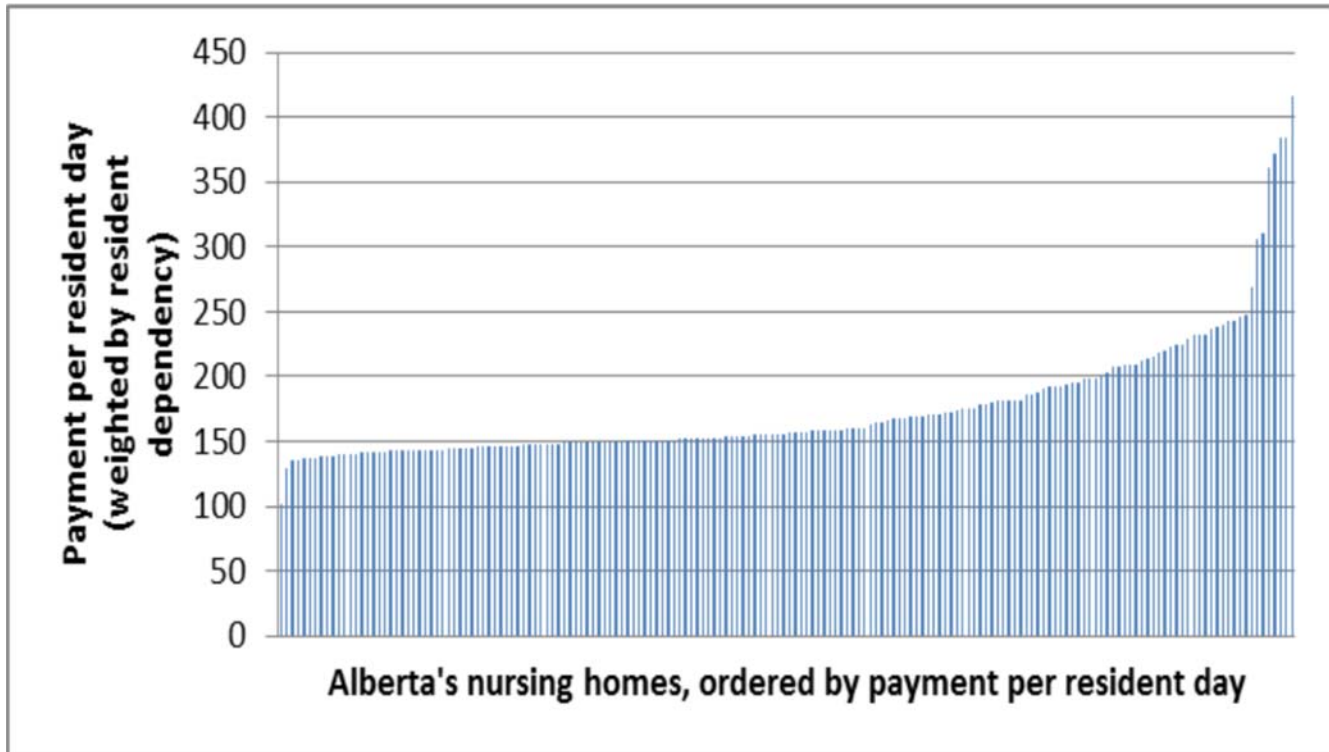


# Historical eras in Alberta's health system

# Number of reports to service delivery integration point



# Example of intra-provincial inequity

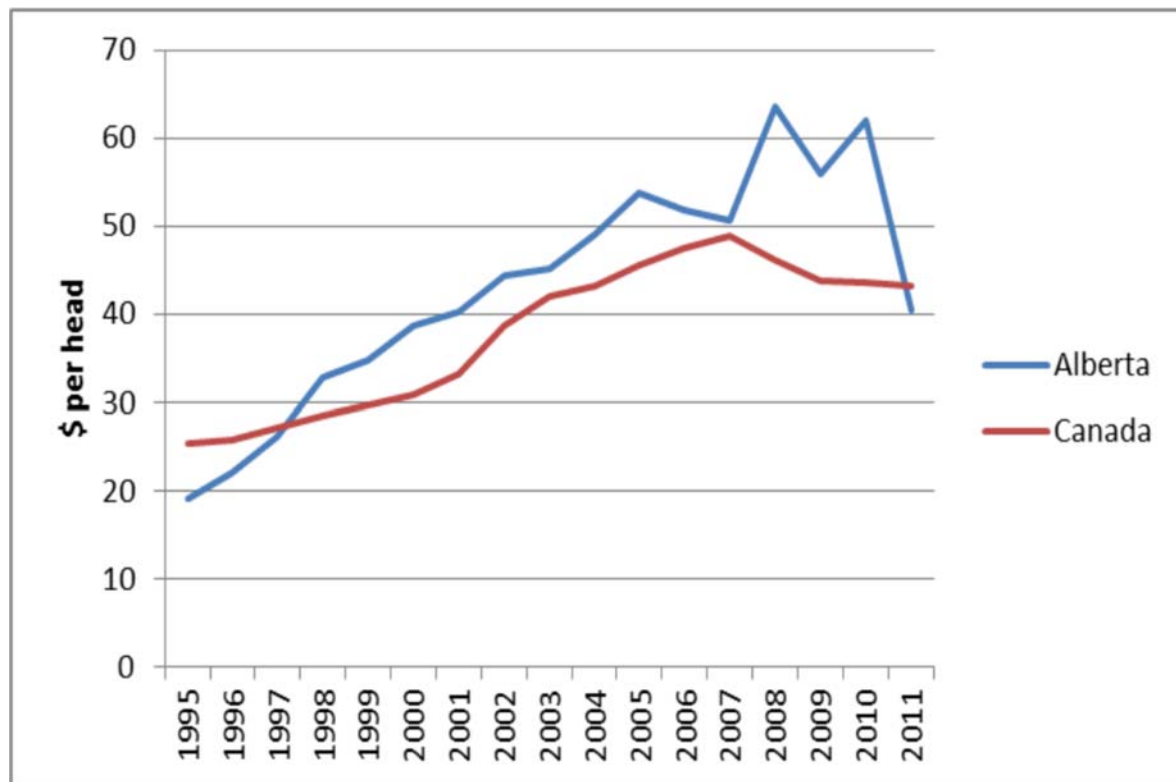


# Alberta was characterized by generous remuneration and management staffing

	Calgary	Capital	Cancer Board	All others	Subtotal	AHS
President & CEO	1,335	915	712	3,227	6,189	744
Other Board and CEO Direct Reports	4,332	3,095	2,343	11,174	20,944	5,063



# Administrative expenses are generally higher in Alberta



# Privatization

- **Cataracts**
- **Orthopaedics**
- **Linen**
  
- **Payroll processing**



# “Improving health for all Albertans”

## Enabling One Health Service

Finance  
Information Technology  
Data Integration, Measurement  
& Reporting  
Capital  
Procurement

## Enabling Our People

Engagement Plan (5 strategies)  
Scope of practice  
Health and Safety  
Culture and values  
Future ready

## Improving Access Reducing Wait Times

Right service  
Right place  
Right time

## Choice and Quality for Seniors

At home  
In the community

## Target 2015

- Working as one
- Making healthy choices easy choices
- Right Care in Right Place & Time
- Best Use of Resources
- Reducing rework and waste
- Supporting self management
- Supportive Environments  
& Options for Seniors
- Skilled & Satisfied Workforce
- Working with partners

## Building a Primary Care Foundation

Primary care access  
Early Detection  
Management & Treatment  
Self Management  
Mental Health

## Today 2010

- Growing, Aging ,  
& Diverse Populations
- Disparities in Health
- The chronic disease tsunami
- Waiting for Service
- Practice Variation
- Limited options for Seniors
- Effort and resource duplication
- Workforce misalignment

**Staying Healthy, Improving Population Health**

# Barriers to bending the cost curve

- **Provincial wealth**

- Intra-provincial rivalry
- Physician power

- **Provincial politics**

- One party state  clientelism





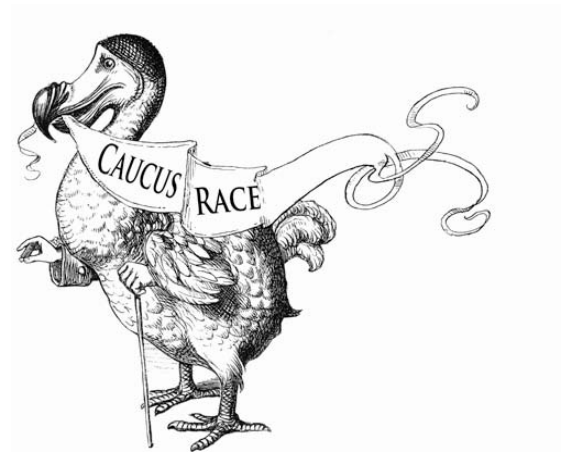
# Clientelism

- **Politics is about symbiotic exchange relationships develop which thwart meritocratic resource allocation processes**
- “A Tory loss would trigger Conservatives of convenience to head for the nearest lifeboat, since the PCs have about as much conviction as an empty bag of potato chips and are nothing without power. Not to break any hearts, but many Tory supporters do the supporting because they have an acute sense of smell — for the gravy at the trough”. (Rick Bell, *Calgary Sun*)**



# Privatization

- **Cataracts**
- **Orthopaedics**
- **Linen**
- **Laboratory services**
- **Payroll processing**




# Barriers to bending the cost curve

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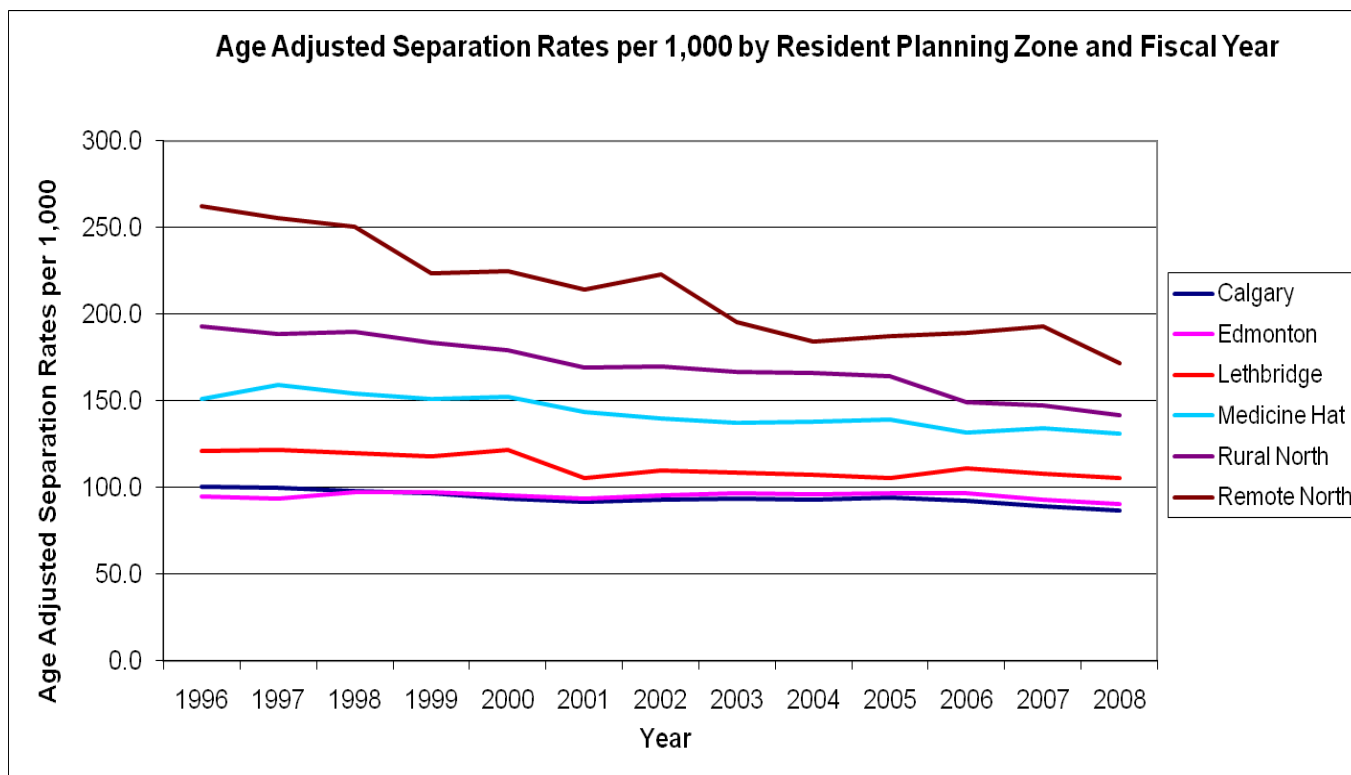
- Intra-provincial rivalry
- Physician power

- **Provincial politics**

- One party state  clientelism
- Rural gerrymander



# There are significant differences in utilization rates across the province




# Barriers to bending the cost curve

- **Provincial wealth**

- Intra-provincial rivalry
- Physician power

- **Provincial politics**

- One party state  clientelism
- Rural gerrymander
- Sharing the oil wealth



# Conclusion

**In Alberta, political dynamics  
trump the economic drivers,  
including cost containment**

